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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000685

SIPDIS

STATE PASS AIT/W

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TAGS: PREL PGOV JA CH TW
SUBJECT: TAIWAN TAKES LOW-KEY RESPONSE OVER

DIAOYUTAI/SENKAKU DISPUTE

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

11. (C) Summary: The Chen administration is trying to reduce local reaction over the February 9 Japanese government decision to take direct control of a lighthouse on the disputed island of Diaoyutai/Senkaku. Taipei gently chided Japan for its move in public, reminding Tokyo of the "Republic of China's" claim to the islands. Privately, Taipei also urged that Japan not exacerbate the incident by sending more personnel to the area. Chen administration officials see the issue primarily as a PRC-Japanese dispute that Taiwan should avoid getting in the middle of. There is also concern that tensions between Beijing and Tokyo over the islands could spill over into the domestic political arena in Taiwan. End Summary.

## New Year Surprise

- $\underline{\P}2$ . (C) Chen administration officials tell AIT they were surprised by the February 9 decision by the Japanese government to take possession of a lighthouse built by a Japanese rightist organization in 1986. The Taiwan Foreign Ministry issued a mild public protest over the move on February 10. However, the MOFA Spokesman who delivered the statement also told reporters that the GOJ's action had a positive side, since it opened the door to government-level consultations on the territorial dispute. National Security Council (NSC) Senior Advisor for Asian Affairs Lin Cheng-wei also tried to put the episode in a positive light. Lin asserted that, from the Chen administration's perspective, the main substantive interest for Taiwan is to protect fishing rights in the area. Since the Japanese government assured Taipei through private channels that its February 9 move will not affect Taiwan's current access to the area fishing grounds or future right to explore for natural resources, Lin said Taiwan did not feel directly threatened by the move.
- 13. (C) Nevertheless, Lin told AIT that Taipei did convey concern to Tokyo over the timing of the move and warned the GOJ against taking further actions, such as dispatching military personnel to the island. Lin said that Japanese officials claimed that the decision to take possession of the island was intended to reduce chances for a clash between Japanese and Chinese nationalist groups. While Taipei accepted this explanation, it did express displeasure that the Diaoyutai action came the same week as Tokyo Governor Ishihara Shintaro revealed plans to build a power generator on the disputed Okinotori island. While the two moves were likely coincidental, Lin said, the Taiwan and Chinese media lumped them together to suggest that Tokyo was making a coordinated push to expand its claims in the area.

## Taiwan's Dilemma

- 14. (C) Democratic Progressive Party (DPP) administration officials say that Taiwan finds itself in a bind over the Diaoyutai dispute. On the one hand, they claim that Taiwan needs to maintain its formal claims on the area in order to minimize criticism from the opposition in the Legislative Yuan (LY). DPP International Affairs Department Deputy Director Hsieh Huai-huei told AIT that the Diaoyutai issue is linked closely to ethnic politics in Taiwan. "Older DPP supporters and followers of Lee Teng-hui feel strongly that the islands are Japanese and they do not want the government to help China over the dispute," she commented. Hsieh added, however, that many leading ethnic Mainlander politicians, including Taipei Mayor Ma Ying-jeou, got their start in politics as activists on Diaoyutai and are likely to strongly attack the government if it failed to stand up over the issue.
- $\P 5.$  (C) At the same time, the NSC's Lin said that the Chen administration also wants to avoid being seen as siding with Beijing against Tokyo. Lin noted that Taiwan's stock is on the rise within the same political and bureaucratic circles in Tokyo that are most exercised about issues like Diaoyutai/Senkaku. Thus, Lin said Taipei needed to be particularly careful not to offend them on the issue.

  National Taiwan University (NTU) Professor Philip Yang assessed that Taipei will likely try to leverage its low-key

response to gain future concessions from Tokyo. However, Japan Interchange Association Economic Section Chief Sugita Masahiko told AIT that Tokyo fully expected Taiwan's restrained response and would not feel obliged to give anything in return.

## Next Steps

16. (C) The NSC's Lin said that the Foreign Minister will likely be called upon to restate Taiwan's position when the LY reconvenes on February 25, but stated that no other actions are under consideration. The Interchange Association's Sugita told AIT that Tokyo does not plan any immediate steps, but noted that his office received information that Taiwan pro-unification activists may join like-minded groups from the PRC and Hong Kong in an attempt to land on Diaoyutai in May. Sugita said that if these reports were confirmed, the Japanese Coast Guard might send additional personnel to the island to prevent a landing.

## Comment: A Peripheral Issue

17. (C) The Diaoyutai dispute is clearly no longer the hot-button political issue it once was in Taiwan. While extremists on both ends of the domestic spectrum may get animated over the conflicting claims, the government in Taipei views the issue as a problem for Beijing and Tokyo to work out. Taipei's relative silence is certain to be appreciated by Tokyo, but it is unlikely to win Taiwan any new points with the Japanese government. There might be a greater risk if Taiwan were to raise the ire of Chinese nationalists by tilting too far towards Japan on the issue. Thus far, fear of inviting opposition censure has driven Taiwan towards a cautious central course on the issue. As long as frictions do not develop further between Tokyo and Beijing, Taipei is likely to continue on its low-key course. PAAL